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OSTER**Researching Services**12897 Colonial Dr. • Mt. Airy, Md. 21771
301-253-6040RECEIVED
SURFACE TRANSPORTATION
BOARD

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January 2, 1998

Country Parts - My Car

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recording with the Surface Transportation Board is a Chattel Security Agreement dated 12/27/97 between the following parties:

Secured Party: M&I First National Leasing Corp.
250 E. Wisconsin Avenue
Milwaukee, Wisconsin 53202

Debtors: Mobile Locomotive Services, Inc.
1200 South State Street
Chicago Heights, IL 60411

LLX Rail, Inc.
1200 South State Street
Chicago Heights, IL 60411

The equipment included in this transaction includes the following:

Equipment: 1, Used SW1000 Locomotive
S/N 4538-3 LLX149

Please record this agreement as a primary document. The filing fee of \$24 is enclosed. Thank you for your assistance.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

CHattel SECURITY AGREEMENT
(Equipment, Consumer Goods and Fixtures, but NOT Farm Products)

(Replaces Chattel Mortgage)

(UCC)-410

1. CREATION OF SECURITY INTEREST

The undersigned Debtor grants to the undersigned Secured Party a security interest in the property described in Section 2 ("Collateral") to secure all Debtor's present and future debts, obligations and liabilities of whatever nature to Secured Party ("Obligations").

2. DESCRIPTION OF COLLATERAL

Make	Model	Year	Serial No. or Identification No.	Other Reasonable Identification	<input type="checkbox"/> If checked here, description continues on Appendix A attached.

One (1) Used General Motors E.M.D. Locomotive, Model SW1000, S/N 4538-3

LLX 149

RECORDATION NO. 21130 FILED

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and all accessions to, and spare and repair parts, special tools and equipment and replacements for, and all proceeds of the foregoing, and ☐ if checked here, all equipment of the same type or kind acquired by Debtor after date, and its proceeds.

3. WARRANTIES

Debtor warrants:

- (a) **OWNERSHIP** — Debtor is the owner of the Collateral free of all encumbrances and security interests (except Secured Party's security interest).
- ☐ (b) **PURCHASE MONEY** — If checked here, the Collateral is being acquired by Debtor with the proceeds of a loan from Secured Party which proceeds will be used for no other purpose.
- (c) **USE AND ADDRESS** — The Collateral is used or bought for use *primarily* for the purpose checked below:
- ☐ Personal, family or household purposes, or farming operations, and the address of Debtor's residence, is shown below Debtor's signature.
- ☐ Business, and the address of Debtor's principal place of business in Wisconsin, or if none, Debtor's residence, is shown below Debtor's signature.
- (d) **MOBILE EQUIPMENT** — If any Collateral is equipment of a type normally used in more than one state, Debtor's chief place of business (if other than that below Debtor's signature) is:
- (e) **LOCATION OF COLLATERAL** — The Collateral will be kept at the address below Debtor's signature or, if not, at:
- Gulf States Road Baton Rouge East Baton Rouge LA 70805
- (NO. AND STREET) (CITY OR TOWN) XXXXXX Parish (STATE)
- and such location shall not be changed without the prior written consent of Secured Party.
- (f) **FIXTURES** — If the Collateral is to be attached to real estate, the legal description of such real estate is:

and the name of the record owner of such real estate is:

- (g) **CHANGES OF ADDRESSES** — Debtor shall immediately advise Secured Party in writing of any changes in addresses.

4. PERSONS BOUND

Each person signing this Agreement, other than Secured Party, is a Debtor; and the obligations hereunder of all Debtors are joint and several. This Agreement benefits the Secured Party, its successors and assigns, and binds the Debtor(s) and their respective heirs, personal representatives, successors and assigns.

5. OTHER PROVISIONS

This Chattel Security Agreement is given to secure a Note of Personal Property by and between M&I First National Leasing Corp., as Secured Party and Mobile Locomotive Services, Inc. & LLX Rail, Inc., as Co-Debtors dated December 22, 1997.

THIS AGREEMENT INCLUDES ALL THE PROVISIONS ON THE REVERSE SIDE.

Signed and Sealed on December 27, 19 97.

M&I FIRST NATIONAL LEASING CORP.

(TYPE OR PRINT NAME OF BANK) SECURED PARTY (SEAL)

By _____
AUTHORIZED SIGNATURE

Address: 250 E. Wisconsin Ave.
Milwaukee, Wisconsin 53202

MOBILE LOCOMOTIVE SERVICES, INC.

DEBTOR (SEAL)

* BK Fongyda President
LLX RAIL, INC. (SEAL)

* BK Fongyda President
1200 South State Street
Address: Chicago Heights, Illinois 60411

* Type or print name signed above. If not a purchase money transaction, individual Debtor's wife should sign.

ADDITIONAL SECURITY AGREEMENT PROVISIONS

Maintenance of Collateral. Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances and security interests (other than those created or expressly permitted by this Agreement); defend it against all claims and legal proceedings by persons other than Secured Party; pay and discharge when due all taxes, license fees, levies and other charges upon it; not sell, lease or otherwise dispose of it or permit it to become a fixture or an accession to other goods except as specifically authorized in this Agreement or in writing by the Secured Party; not permit it to be used in violation of any applicable law, regulation or policy of insurance. Loss of or damage to the Collateral shall not release Debtor from any of the Obligations.

Insurance. Debtor shall keep the Collateral and Secured Party's interest in it insured under policies with such provisions, for such amounts and by such insurers as shall be satisfactory to Secured Party from time to time, and shall furnish evidence of such insurance satisfactory to Secured Party. Debtor assigns (and directs any insurer to pay) to Secured Party the proceeds of all such insurance and any premium refund and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Secured Party, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Secured Party is authorized, in the name of Debtor or otherwise, to make, adjust, settle claims under and/or cancel any insurance on the Collateral.

Inspection of Collateral. Secured Party is authorized to examine the Collateral wherever located at any reasonable time or times; and Debtor shall assist Secured Party in making any such inspection.

Maintenance of Security Interest. Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce Secured Party's interest in it or rights under this Agreement.

Authority of Secured Party to Perform for Debtor. If Debtor fails to act as required by this Agreement or the Obligations, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the Obligations secured by this Agreement and shall be payable by Debtor upon demand with interest at the rate of twelve per cent per year from the date of payment by Secured Party.

Default. Upon the occurrence of one or more of the following events of default:

- Nonperformance.** Debtor fails to pay when due any of the Obligations, or to perform, or rectify breach of, any warranty or other undertaking by Debtor in this Agreement or the Obligations;
 - Inability to Perform.** Debtor or a surety for any of the Obligations dies, ceases to exist, becomes insolvent or the subject of bankruptcy or insolvency proceedings;
 - Misrepresentation.** Any warranty or representation made to induce Secured Party to extend credit to Debtor, under this Agreement or otherwise, is false in any material respect when made; or
 - Insecurity.** Any other event which causes Secured Party, in good faith, to deem itself insecure;
- all of the Obligations shall, at the option of Secured Party and without any notice or demand, become immediately payable; and Secured Party shall have all rights and remedies for default provided by the Wisconsin Uniform Commercial Code, as well as any other applicable law and the Obligations. With respect to such rights and remedies,
- (a) **Assembling Collateral.** Secured Party may require Debtor to assemble the Collateral and to make it available to Secured Party at any convenient place designated by Secured Party.
 - (b) **Notice of Disposition.** Written notice, when required by law, sent to any address of Debtor in this Agreement at least 10 calendar days (counting the day of sending) before the date of a proposed disposition of the Collateral is reasonable notice.
 - (c) **Expenses and Application of Proceeds.** Debtor shall reimburse Secured Party for any expense incurred by Secured Party in protecting or enforcing its rights under this Agreement, including without limitation reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition, and disposing of the Collateral. After deduction of such expenses, Secured Party may apply the proceeds of disposition to the Obligations in such order and amounts as it elects.
 - (d) **Waiver.** Secured Party may permit Debtor to remedy any default without waiving the default so remedied, and Secured Party may waive any default without waiving any other subsequent or prior default by Debtor.

Non-Liability of Secured Party. Secured Party has no duty to protect, insure or realize upon the Collateral. Debtor releases Secured Party from any liability for any act or omission relating to the Obligations, the Collateral or this Agreement, except Secured Party's wilful misconduct.

Waiver of Defenses Against Assignee. Debtor shall not assert against any assignee of Secured Party's rights under this Agreement or any of the Obligations any claim or defense Debtor may have against Secured Party.

Charging Debtor's Credit Balance. Debtor grants Secured Party, as further security for the Obligations, a security interest and lien in any credit balance and other money now or hereafter owed Debtor by Secured Party or any assignee of Secured Party and, in addition, agrees that Secured Party may, without prior notice or demand, charge against any such credit balance or other money any amount owing upon the Obligations, whether due or not.

Interpretation. The validity, construction and enforcement of this Agreement are governed by the internal laws of Wisconsin. All terms not otherwise defined have the meanings assigned to them by Chapters 401 and 409, Wisconsin Statutes. Invalidity of any provision of this Agreement shall not affect the validity of any other provision.

NOTARY PAGE OF NOTE DATED DECEMBER 22, 1997 BETWEEN M&I FIRST
NATIONAL LEASING CORP., AS SECURED PARTY, AND MOBILE
LOCOMOTIVE SERVICES, INC. & LLX RAIL, INC., Co-Debtors.

State of Illinois

County of Cook

Before me the undersigned, a Notary Public for Cook County, State of Illinois,
personally appeared B. Ken Forgey III and acknowledged the execution of
the foregoing instrument this 22nd day of December, 1997.

SEAL (Signature)

Margaret Palm

My Commission Expires: _____



SCHEDULE OF PAYMENTS		PRINCIPAL and Interest	DUE DATE
1		\$2,600.00	2/1/98 and a
2			like amount for
3			59 consecutive
4			months on the
5			same day of each
6			following month.
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123,510.96 December 22 19 97

FOR VALUE RECEIVED, I, we, promise to pay to

M&I First National Leasing Corporation or order,

One Hundred Twenty-three Thousand Five Hundred Ten and

no/100 (\$123,510.96) - DOLLARS,

payable in installments at the time or times stated in the Schedule of Payments hereon,

at,

or at the office of the legal holder of this note, ~~and interest at the rate of~~ payable monthly on the

principal remaining from time to time unpaid, together with exchange and collection

charges.

If any installment of this note is not paid at the time and place specified herein,

the entire amount unpaid shall be due and payable forthwith at the election of the

holder of this note, without any notice whatever.

The acceptance of any installment hereof by the payee after the time when it be-

comes due as herein set forth shall not be held to establish a custom, or waive any

rights of the payee to enforce prompt payment of any further installment or otherwise.

In case of default in the payment of any installment when due, a default charge of

10% per annum will be made on delinquent installments if permitted by law; otherwise

at the highest lawful rate.

In the event that this note shall, at any time after the maturity of any payment or

installment due hereunder, be placed with an attorney for collection, the undersigned

jointly and severally agree to pay in addition to the entire remaining principal balance

and interest, a sum equal to 15% of said principal balance and interest as and for

attorney's fees.

THIS NOTE IS SECURED BY

A Chattel Security Agreement of even date

Supplemental Agreement Granting Consent to Sub-Lease

Rider to "Equipment Lease"; Exhibit "A"

EXECUTED BY THE UNDERSIGNED, BEARING EVEN DATE HERewith, TO THE

PAYEE HEREIN.

Co-Debtor: MOBILE LOCOMOTIVE SERVICES, INC. (SEAL)

BK Fongista President (SEAL)

Co-Debtor: LLX RAIL, INC. (SEAL)

BK Fongista President (SEAL)

(SEAL)

See Notary Page attached hereto and made a part hereof.